

EXHIBIT 3

From: Smith, Dan [ETHUS] <DJSmith@its.jnj.com>
Sent: Tue, 23 Mar 2010 20:28:02 GMT
To: Kirkemo, Aaron [ETHUS] <AKirkemo@ITS.JNJ.com>
Subject: FW: information regarding Scion

Aaron,

Here is my reply to Dave...sorry I thought you were in cc. This is part of the problem and why no one understands what the customer really needs!

Dan

From: Smith, Dan [ETHUS]
Sent: Friday, March 19, 2010 5:42 PM
To: Robinson, David [ETHUS]
Cc: DeCosta, Paul [ETHUS]; Wilson, David J. [Ethus-RD]
Subject: RE: information regarding Scion

Thanks Dave R.!

As I sat back I recalled this project was intended to quickly follow the TVT SECUR launch, and I recognized what project Scion (and I) has seen over the last 3 years. No one from the original TVT, TVT-AA, TVTO, or TVT SECUR development teams are still involved with the TVT/SUI pipe line, (except me and you for SECUR) and most are no longer with the company! Ironically, each change required a new vision to be successful, which required a scope change in order to be successful and each had to be completed ASAP, and as a result, nothing got done!

Dave and Paul,

As per your recent request of how we can increase speed to market; maybe there is a way similar situations can be avoided in the future? I know I tried very hard not to lose the history or vision and I am still trying, but I am sure you can imagine how these things take on a life of their own....Dan

- 2 EWH&U Presidents
- 2 Ethicon CGC
- 4 VP's of Marketing
- 5 or 6 VP's of R&D, Clinical, Ops
- 4 R&D Assoc/Director/Group Directors (and 1 more shortly)
- 5 Marketing Group Directors
- 5 Marketing Directors
- 5 Medical/Clinical Directors
- **1 Project Leader (4-5 scope changes, 4-5 project names)**
- 3 Quality engineers
- 4 Operational engineers
- 3 R&D engineers
- 3 HE&R associates
- 2-3 rotations of every functional team member in Somerville and the plants

I hope this helps you understand just how frustrating it is to hear, "that concept has no value without...", but I need 3 more ideas to address the same or some other perceived customer need.

Dan

From: Robinson, David [ETHUS]
Sent: Friday, March 19, 2010 2:56 PM
To: Smith, Dan [ETHUS]
Subject: RE: information regarding Scion

Dan

Great summary! As you point out, this is useful since no telling how many more folks will review and recommend before Scion is done.

Dave

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From: Smith, Dan [ETHUS]
Sent: Friday, March 19, 2010 1:10 PM
To: DeCosta, Paul [ETHUS]; Wilson, David J. [Ethus-RD]; Mahmoud, Ramy [ETHUS]; Dormier, Edward [ETHUS]; Volpe, Clifford [ETHUS]
Cc: Kirkemo, Aaron [ETHUS]; Robinson, David [ETHUS]
Subject: information regarding Scion

Folks,

Please find the attached documents that define the SUI/SIS space.

- The "Scion Evaluation Comparison" file has been reviewed by Aaron and is a good picture of Scion's feature as compared to SUI obturator and SIS slings competitors.
- The "SIS studies" file will give you an idea of how quickly SIS slings have improved in efficacy since 2006 when SECUR launched and few understood/believed that different tension settings were needed to obtain the efficacy of TVT or TVTO type slings.
- The "unmet needs" file (only partial slides due to the file size) is the latest market data that aligns with prior market data regarding surgeon's beliefs regarding SIS and PA mesh. I personally believe that a PA mesh of sorts, maybe Matrix (the Dan and Susan L. Matrix not the Hercules matrix..) can play a future role in lowering complications rates but that requires lots of data and shifting of their current mental place regarding a PA mesh or a PA non-mesh material. The TVT+M PA mesh was a stepping stone to an end goal of a Matrix sling and the Scion delivery system was a means to address all of the unmet needs that existed in the SIS space. So surgeons would be acclimated to the device/technique when new meshes such as TVT+M or Matrix were introduced. Doing only a PA version misses this opportunity as well as revenue prior to adoption, assuming surgeons and our data align in the future.

- The "SUI background" file was assembled by the team in preparation for our Scion definition gate. The data clearly shows how introduction of new SUI techniques has changed the market and allowed the market to grow in the US. The main driver for the growth has been safety, ease of use, and efficacy! As efficacy and familiarity/ease-of-use for SIS procedures has increased there has been a shift in procedural volume. The increase in SIS procedures has primarily taken share from existing TVT and TVTO type procedures. In looking at the dollars increase from 2004 to 2009 the market has more than doubled, but the obturator segment has rocketed to 50% with ~\$96mm dollars in sales which is more than the entire US SUI market was in 2004! The SIS space has gone from zero to ~\$35mm in the US alone in 3 years. If the market continues to grow at the same rate as it has in the past 5 years the SIS alone could approach ~\$150mm in US sales!

David and Paul,

Recently you just asked what could increase speed to market. What is frustrating to me is that this project has been around long enough to see 3-5 generations of top management leadership, each bringing new views into play. With each change, the goals for project Scion have continued to change in scope, and I am currently unsure of what lies ahead. **Maintaining team moral and motivation over that last 3 years has been very challenging!**

- EWH&U could have had an immediate TVT SECUR obturator only version in 2007 to address immediate TVT SECUR concerns, not chosen as SIS was considered a niche market
- **EWH&U could have had an improved TVT SECUR obturator only version in 2008 to address bleeding and consistent placement, but TVT SECUR was considered a failure and did not warrant line extensions**
- EWH&U could have had a Scion (TVTO like today's device) SIS device with PP tips and shaped PP mesh in late 2009/early 2010, but we needed to have more features so absorbable tips were added, increasing scope, timing and COGS
- EWH&U could have had a Scion as we know it today with shaped PP mesh and absorbable tips in Q1/2011, if the direction was not changed to include a PA mesh for market disruption technical innovation. However this mesh did not exist in the Ethicon portfolio.
- EWH&U could have a Scion as we know it today with shaped PP mesh and absorbable tips in Q2/2012
- So as we sit today Scion with absorbable tips and shaped PA mesh is targeted for late 2013 or early 2014

I don't see how we can win in the SUI space if we don't play aggressively in all three segments. The Scion delivery system addresses all of the customer needs/VOC identified in 2006/2007 (post SECUR launch) and 2008/2009 (Scion development) and most recent 2010 Scion VOC/user needs which are the same as what was collected three years ago. It also fills gaps in the current SIS, obturator and Abrevo offerings as can be seen from the "features" file.

Hope this helps for EWH&U to gain alignment as we move forward,
Dan

Daniel J. Smith

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